



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: September 9, 2003

THE WEEK AHEAD

Career College Association: On September 11, Terri Shaw is scheduled to present to the Board of Directors of the Career College Association.

2005-2006 FISAP Development: Today, the 2005-2006 Fiscal Operations Report and Application to Participate (FISAP) Development Team are scheduled to conduct a kickoff meeting with staff from OPE, FSA, and the Campus-Based contractor.

OPERATIONAL METRICS

Application Activities through August 31, 2003: The Central Processing System (CPS) has processed 10,412,482 applications for the 2003-2004 cycle, an 8.5% increase over the 2002-2003 cycle.

Program Disbursements: Through the week ending August 30, annual Pell and Direct Loan disbursements reached \$11.61 billion and \$11.29 billion respectively for the 2002-2003 academic year and \$1.05 billion and \$1.80 billion respectively for the 2003-2004 academic year. Through the week ending September 2, annual FFEL disbursements reached \$26.36 billion for the 2002-2003 academic year and \$1.30 billion for the 2003-2004 academic year. Through July, annual Direct Consolidation Loan disbursements reached \$5.73 billion.

Total Default Recoveries: Through August 31, total FSA default recoveries for the fiscal year reached \$1.499 billion, up 21% year to date and representing 10.7% of the FY02 tear-end portfolio balance. Total non-consolidation recoveries reached \$1.227 billion, up 35% year to date and representing 8.79% of the FY02 portfolio balance. Combined Recoveries from our private collection agency efforts reached \$945 million, up 33% year to date.

1-800-4-FED-AID through August 30, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 6,628,634 calls, a 1.8% increase over last year. Service levels have increased with 98.9% of calls completed, a 3.2% increase over last year and the average speed to answer reduced by 68.6% over last year to 9 seconds.

Direct Loan Servicing Call Center Phone Activity through August 29, 2003: Year-to-date, the Direct Loan Servicing Centers received 4,582,333 calls to the Interactive Voice Response System, an increase of 1.80% over 2002. Of the calls received, Borrower Services representatives handled 3, 288,964, an increase of 1.45 percent over 2002. The average speed of answer was 7.28 seconds.

KEY ISSUES

Improper Payments Information Act of 2002: The Improper Payments Information Act of 2002 requires agencies to estimate the amount of erroneous payments in programs and report on actions taken to reduce them. OMB's guidance requires agencies to provide a statistically valid estimate of erroneous payments. OMB is requiring agencies to provide a draft implementation plan by September 30 (with a final plan due November 30). FSA will attempt to obtain a waiver from performing a statistical sample until after an income match with the Internal Revenue Service is implemented since erroneous payments are expected to fall dramatically once the IRS match is put in place.

GAO Exit Conference - Student Loan Consolidation (GJC 130170): On September 5, GAO held an exit conference to review (1) the characteristics of consolidation loan borrowers, (2) the number of borrowers in default prior to, at the time of, or after consolidation, and (3) federal costs associated with the consolidation program.

Students.gov Website Usage: In August, Students.gov received 331,103 visits. This represents 8.0 million hits and it broke last month's all-time record by more than 12,000 visits. August 2003 traffic represents a 312% increase from August 2002 and a 4% increase from last month.

Sallie Mae Monthly Payment Error: FSA continues to assess the impact of Sallie Mae's recent disclosure that a Sallie Mae system problem caused over 1 million borrowers to make inaccurate monthly payments. FSA, OPE, OGC, and OIG are reviewing policy implications and options for resolution. This week, Terri Shaw, Sally Stroup, and Jonathan Vogel are scheduled to meet with Sallie Mae representatives to discuss appropriate next steps.

ON THE HORIZON

Student Aid on the Web: FSA is planning to launch Release 2 of Student Aid on the Web during the week of September 22. FSA is working with OPA to coordinate all outreach and activities.

FSA Regional Office Visit: On September 18, Terri Shaw is scheduled to visit FSA's Dallas regional office. This will conclude Terri's first tour of FSA's regional offices. Terri has visited every FSA regional office to meet with FSA staff.

2001 Cohort Default Rates: FSA is scheduled to release the 2001 Cohort Default Rates for both the Direct Lending and FFEL programs on September 15. FSA is coordinating all aspects of the release of this information.

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Training for Operating Partners: From September 22 – 26, FSA will deliver customized Pell training to Common Origination and Disbursement Customer Service Representatives in Niagara Falls, NY.

Midwest Association of Student Financial Aid Administrators (MASFAA) Conference: On October 13, FSA representatives are scheduled to present at the MASFAA Regional Conference in Milwaukee, Wisconsin.

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.